

KILROY
REALTY
CORPORATION

Investor Day Presentation
January 13, 2011



Disclaimer

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This presentation includes information with respect to letters of intent ("LOIs") that we have entered into with respect to space that we are proposing to lease to certain tenants. There can be no assurance if or when the leases contemplated by these LOIs will be entered into or, if entered into that the terms will not differ substantially from those described in this presentation. An LOI is not a definitive agreement and one or more of the leases contemplated by LOIs may not result in a signed lease. In addition, this presentation contains information regarding properties under contract. There can be no assurance that these transactions will close or, if they do, that the terms will not differ from those described in this presentation. Accordingly, you should not rely on the information in this presentation regarding LOIs and properties under contract as a prediction of future leasing or acquisition activity.

In this presentation, we rely on and refer to information and statistics regarding the industry and the sectors in which we operate, including information relating to projected occupancy rates and projected rent growth. We obtained this information and statistics from various third-party sources (including CBRE, JLL and REIS MetroTrend Futures), and, in some cases, on our own internal estimates. We believe that these sources and estimates are reliable, but have not independently verified them and cannot guarantee their accuracy or completeness.

Program

- I. Tyler Rose** **Welcome**
- II. John Kilroy** **Company Update and Strategy**
- III. Jeff Hawken** **Market and Leasing Update**
- IV. Tyler Rose** **Financial Update**
- V. Chris Corpuz** **San Francisco Market and Transbay District**
- VI. Q&A**
- VII. Property Tour** **100 First Plaza, 303 Second Street**



John Kilroy

President

Chief Executive Officer

Company Update and Strategy

Strong Momentum in 2010

- **Significantly increased occupancy**
- **Expanded geographic footprint and franchise**
 - **Increased asset base 30%, NOI 22% and square footage 17% through \$700 million of acquisitions**
- **Diversified revenue sources and improved credit profile**
- **Continued to improve entitlements/value of future development pipeline**
- **Leveraged management team**
- **Obtained investment grade ratings**

Platform In-place for Continued Growth

Key Strategies for 2011

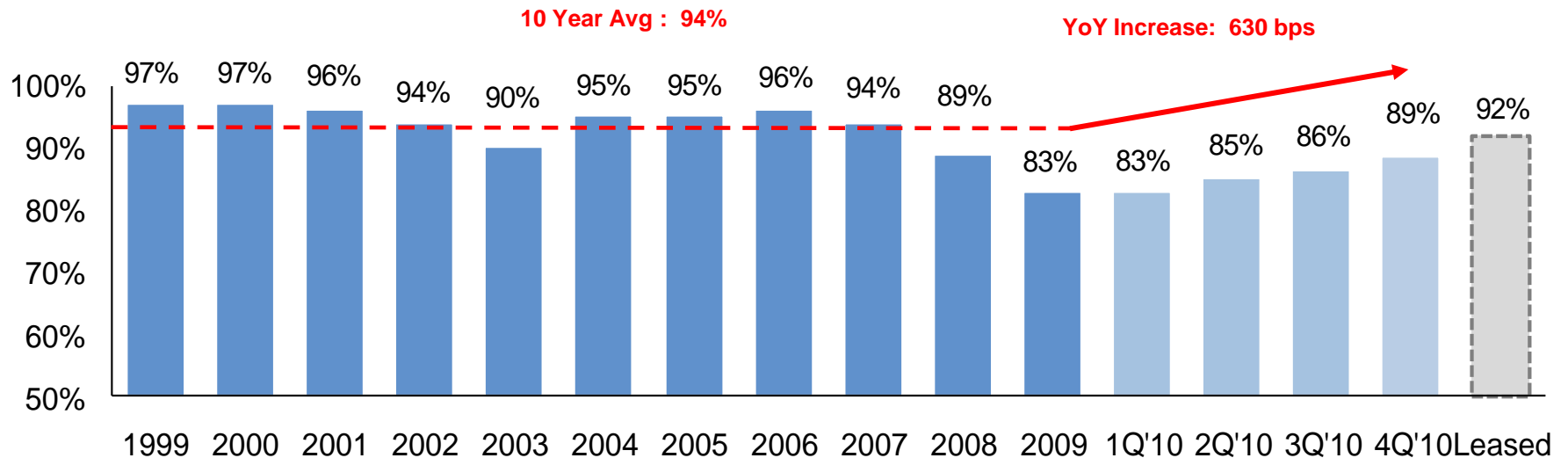
- **Continue to expand West Coast franchise**
 - **Pursue acquisition opportunities in the best West Coast markets**
 - **Be ready to commence development**
 - **Expand organization as needed**
- **Maintain emphasis on leasing**
 - **Move occupancy back into the 90s**
 - **Currently 92% leased with minimal rollover in 2011**
 - **Push rents as economy improves**
- **Execute capital recycling plan**
- **Preserve strong balance sheet**

**Seek Growth Opportunities while Maintaining
a Disciplined Approach**

Leasing Gaining Traction

- Increased occupancy 630 bps from year end 2009
- Executed new and renewal leases across all markets on approximately 2.0 million square feet
- Continued opportunity for growth when comparing current occupancy of 89% versus KRC's 10-year average of 94%

Stabilized Portfolio Occupancy since 1999



West Coast Acquisition Market Update

Current Market Conditions

- **KRC's acquisitions pipeline is increasing**
 - No pipeline in January 2010
 - Completed \$700 million of acquisitions in 2Q through 4Q 2010
 - Now seeing more opportunities
- **Number of acquirers also increasing**
- **Cap rates ranging from under 5% to 7% for high quality, stabilized assets**
- **Financial capacity and surety of execution are key - Sellers underwriting buyers**
- **In some cases, buyers under-estimating capital expenditure needs**



KRC's Acquisition Strategy

➤ Take advantage of window of opportunity

- Buy quality assets in quality locations at discounts to replacement cost
- Capitalize on opportunities at inflection points in the cycle

➤ Be both offensive and defensive

- Increase rents over time
- Obtain current cash flow from well-leased properties
- Avoid highly structured transactions

➤ Pursue opportunities in key West Coast markets

- Value-Added and Best-in-Class assets
- Significant amenities, including access to transportation and publicly-funded infrastructure



303 Second Street, San Francisco

KRC's Competitive Advantage with Acquisitions



Community Space at 100 First Plaza, San Francisco



2211 Michelson, Irvine

KRC's Competitive Advantage

- Extensive knowledge of markets
- Vertically integrated platform with broad skill set to evaluate acquisitions and development
- Thorough and streamlined due diligence
- No financing contingencies; access to broad capital sources
- Various transaction options, including O.P. units
- Public company transparency

KRC Target Markets

Target Markets

San Francisco Bay Area

- International gateway city
- Primary focus on South Financial district of CBD and monitoring other submarkets including Silicon Valley and East Bay
- Acquired 303 Second Street and 100 First Plaza totaling \$425 million
- Under contract on 250 Brannan for approximately \$33 million

Seattle

- KRC's footprint in the market dates back to 1970s; we sold the last property in 2007
- Pursuing opportunities in Bellevue and Redmond markets
- Acquired Overlake Office Center, a property located on the Microsoft campus for \$46 million

Southern California

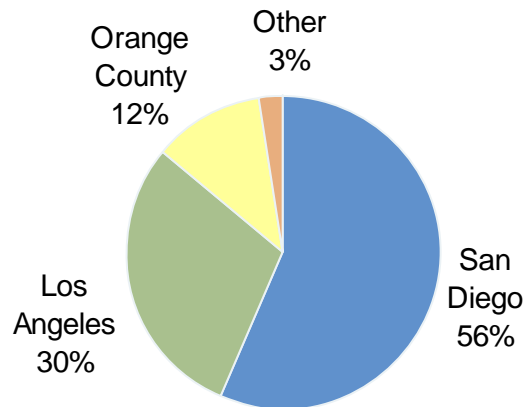
- Target opportunities that fit well with existing portfolio given Company's proven track record and dominant position in Southern California
- Continue to focus on coastal, higher barrier-to-entry, top-tier markets
- Acquired Mission City Corporate Center, 2211 Michelson, 999 Town & Country and Liberty Station totaling \$227 million

KRC Acquisition Diversification

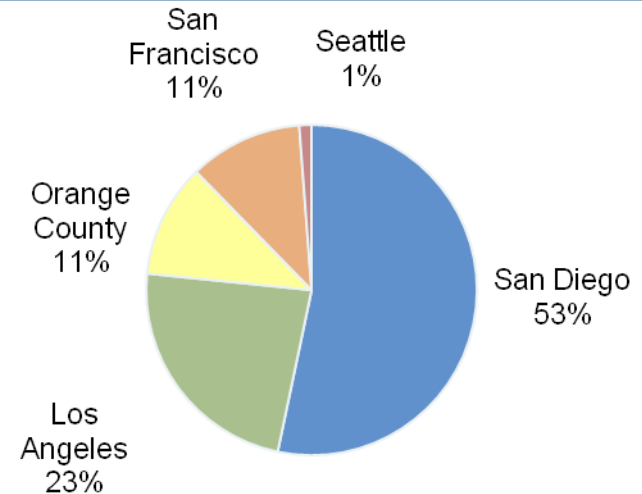
- Acquisitions have diversified KRC into additional markets and broadened NOI by region
- Increased real estate investments from approximately \$2.7 billion as of December 31, 2009 to approximately \$3.5 billion as of December 31, 2010 ⁽¹⁾
 - Expanded asset base by 30%

NOI by Region

Actual FY 2009



Pro Forma ⁽²⁾

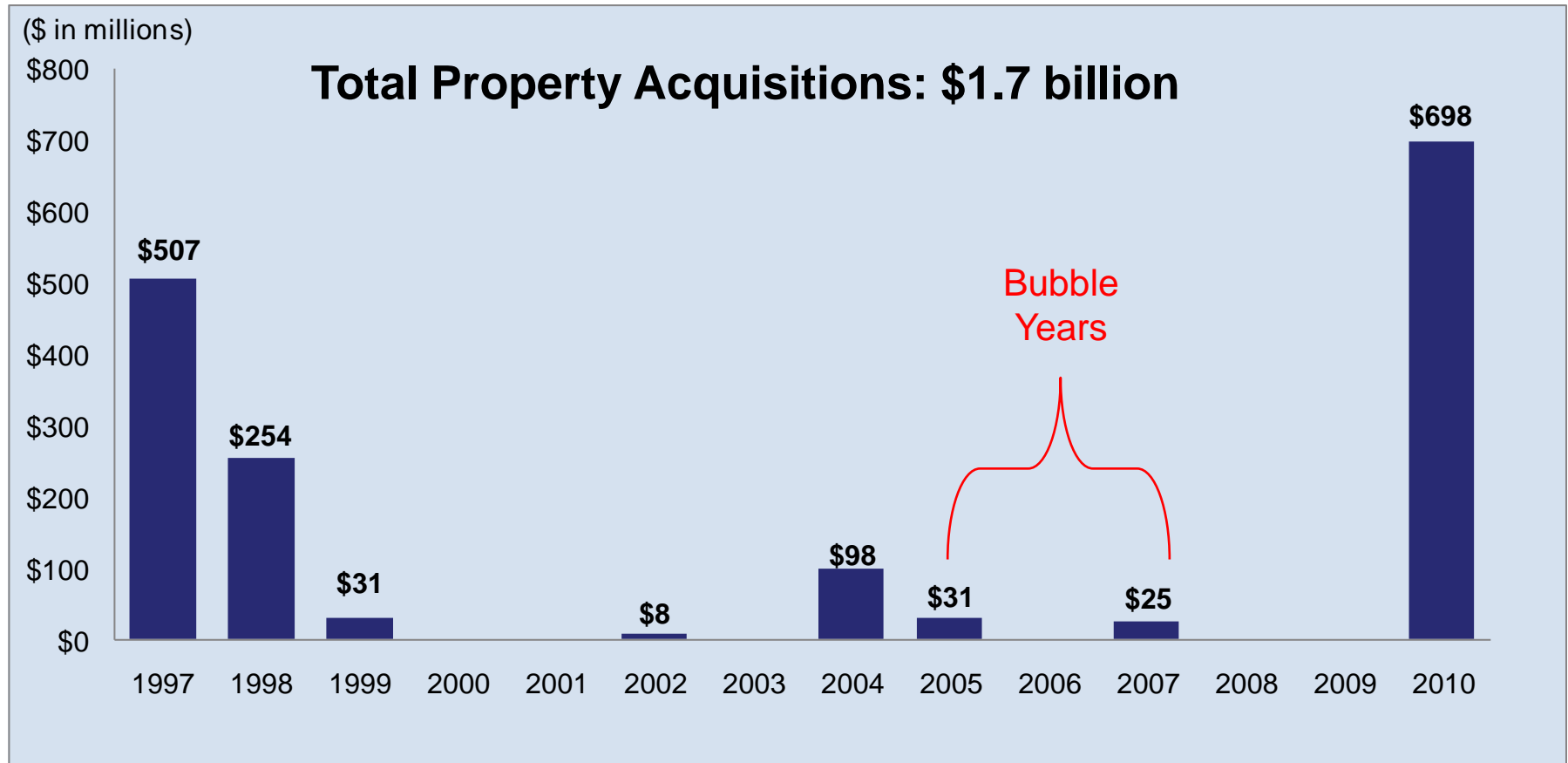


The Bay Area and Seattle now make up approximately 12% of NOI on a pro forma basis

(1) Real estate investments defined as undepreciated gross book assets.

(2) Estimated based on annualized results.

Disciplined Approach to Acquisitions



While KRC was not a significant buyer during the bubble years, opportunistic acquisitions in 2010 represent ~ 40% of KRC's total acquisitions since IPO

Second Quarter 2010 Acquisitions



Mission City Corporate Center

- \$71 million (\$254 PSF)
- 279,000 square feet
- San Diego
- Acquired March/June 2010
- 6.6% cap rate
- Excellent location with freeway accessibility and proximity to amenities

303 Second Street

- \$233 million (\$317 PSF)
- 734,000 square feet
- San Francisco
- Acquired May 2010
- 6.5% cap rate
- LEED Gold Certified
- Majority leased during recession
- Full city block with access and location next to amenities and transportation

2211 Michelson

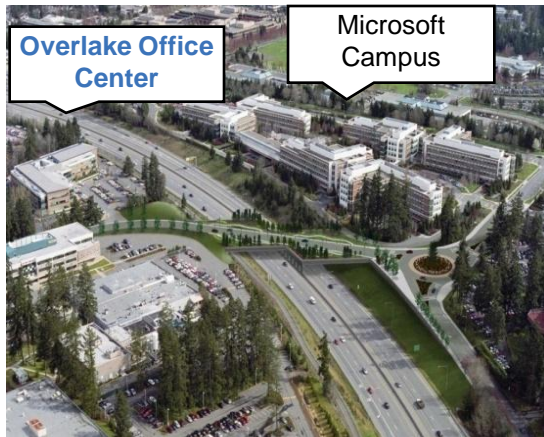
- \$103 million (\$379 PSF)
- 272,000 square feet
- Orange County
- Acquired June 2010
- 6.7% cap rate
- LEED Silver Certified
- Limited scheduled tenant rollover in the next few years
- One of the premier buildings in the region with significant long-term value

999 Town & Country

- \$22 million (\$222 PSF)
- 99,000 square feet
- Orange County
- Acquired June 2010
- 8.6% cap rate ⁽¹⁾
- Single tenant property with strong credit quality
- Future development opportunity for 500,000 square feet of office/ MOB space (0.6 to 3.0 FAR)

(1) Going in cap rate of 7.0% with a contractual rent bump scheduled for June 2011 to 8.6%.

Fourth Quarter 2010 Acquisitions



Overlake Office Center - Seattle

- \$46 million (\$377 PSF)
- 122,000 square feet
- 3-story, Class A office, built in 1998
- Initial cap rate of 6.4%
- Off-market transaction
- 100% leased to Microsoft through December 2014
- Microsoft recently funded 60% of a \$30M freeway overpass to connect the Main campus and the West Campus (Overlake Office Center)



100 First Plaza- San Francisco

- \$192 million (\$410 PSF)
- 466,000 square feet
- 27-story, Class A office with 3-story detached parking structure, built in 1988
- LEED Gold certified
- 77% occupied and 94% leased to 16 tenants, no sizeable rollover through 2015
- Initial cap rate of 5% increasing to 7% at stabilization
- Major tenants include Delta Dental and GSA's IRS and Federal Energy Regulatory Commission



Liberty Station – San Diego

- \$31 million (\$298 PSF)
- 103,900 square feet
- LEED Gold certified
- Built in 2009
- Initial cap rate of 7.8%
- 95% leased to credit quality tenants, BAE Systems and the GSA through 2020
- Located within Liberty Station, which includes 125 acres of parks and open spaces
- Adjacent to San Diego International Airport

Acquisition Case Study

Commodity Property Acquisition

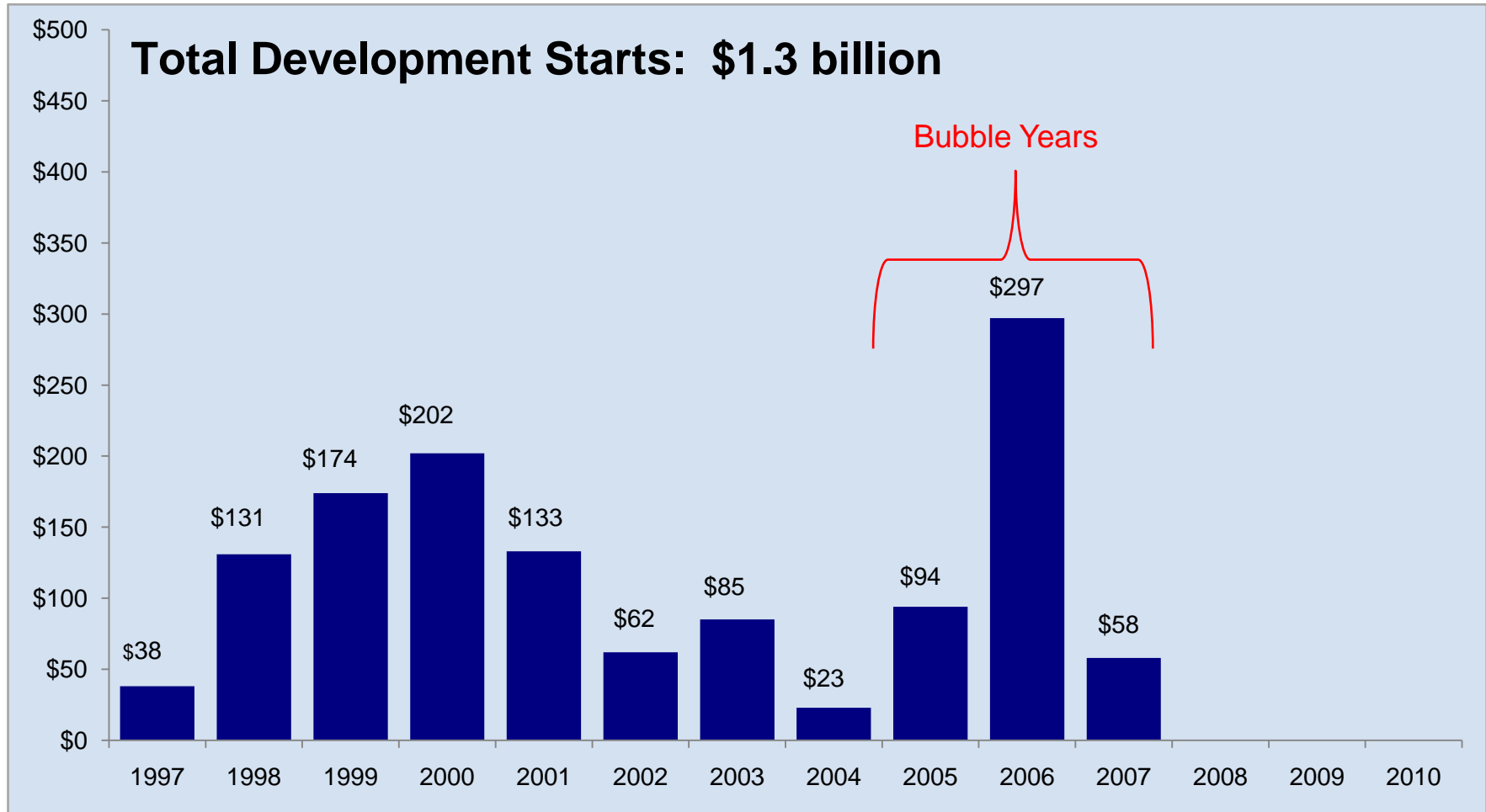
- Purchase price of \$258/SF
 - Older buildings
 - 60% leased, with near-term rollover
 - Commodity space
 - Significant repositioning costs
 - Base building
 - Downtime
 - Lease-up
 - Commissions
 - Total approximately \$100/SF
 - Estimated investment after capex and lease up of approximately \$358/SF
 - Requires significant management time
- Conclusion: Need substantial discount to price point to make this work in a choppy market

2211 Michelson

- Purchase price of \$380/SF
 - Best in Class
 - New construction
 - Leased during downturn
 - Limited near-term rollover
 - 94% occupied
 - Below replacement cost
 - LEED Silver
 - Amenity rich
 - Limited capex requirements
- Secure, strong cash flow acquisition with upside over time

Development: The Other Growth Engine

(\$ in millions)



KRC developed close to \$450M of projects during the bubble years at yields 300 to 500 bps higher than acquisition cap rates at the time

Development Pipeline

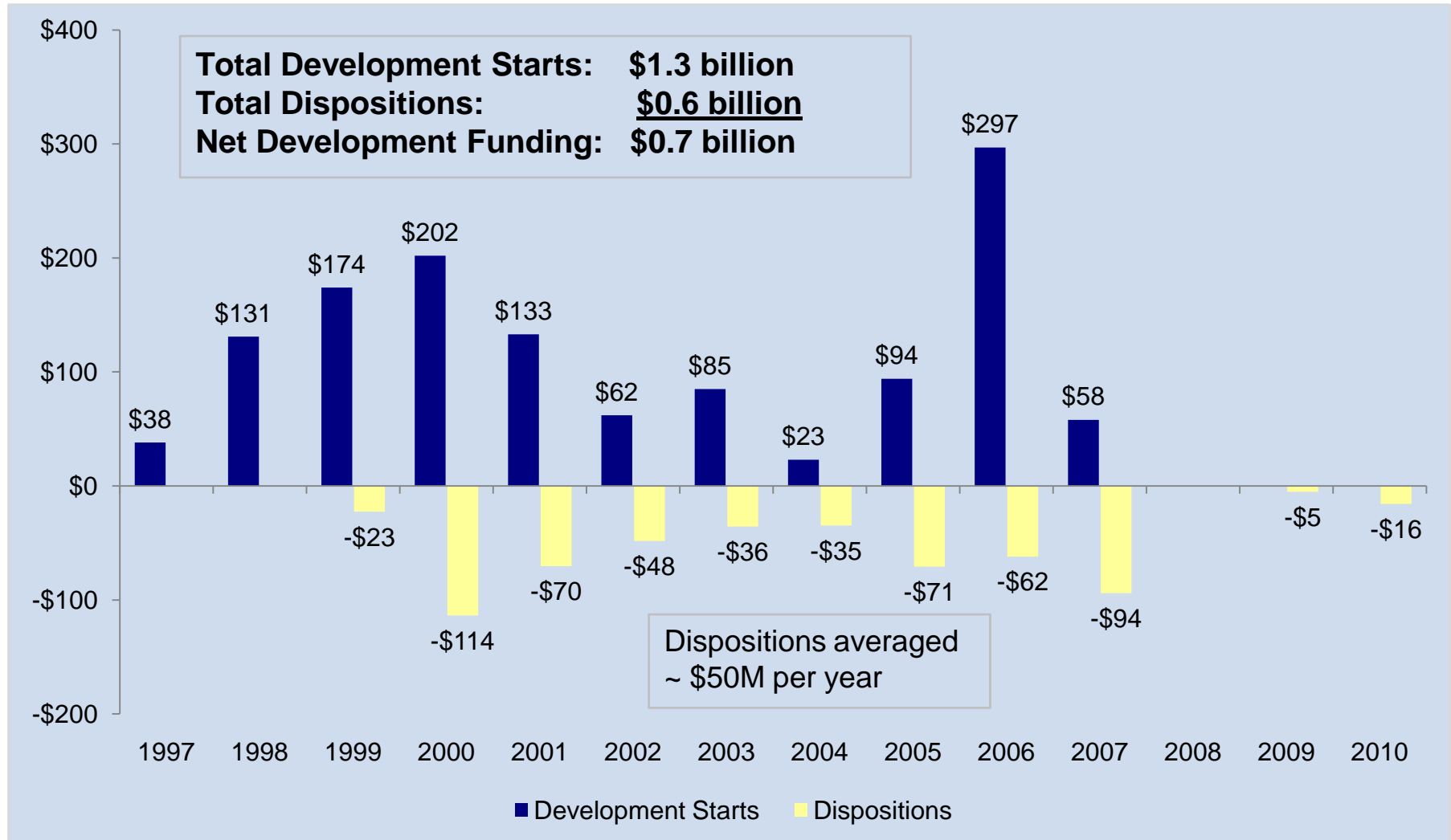
Project	Location	Gross Site Acreage	Est. RSF
Carlsbad Oaks	Carlsbad	32.0	288,000
PCC Lot 8	Sorrento Mesa	5.0	170,000
Rancho Bernardo	I-15	21.0	320,000-1M SF
San Diego CC (One Paseo - Mixed Use)	Del Mar	23.0	up to 1.8M SF
Santa Fe II and III	56 Corridor	21.8	600,000
SG Lot 2	Sorrento Mesa	6.3	80,000
SG Lot 7	Sorrento Mesa	7.6	57,000
Orange County (Office/MOB)	Orange County	6.0	100,000-500,000
TOTAL PIPELINE		122.7	2.1M - 4.5M SF



Proposed One Paseo Mixed Use Project

Capital Recycling Since IPO

(\$ in millions)



Remain focused on executing capital recycling plan

Summary and Outlook

■ 2010 Summary

- Significant acquisition activity has increased market share and expanded franchise
- Moving occupancy back to historical levels
- Leveraged management team
- Maintained strong balance sheet

■ 2011 Outlook

- Anticipate continued occupancy improvements
- Expect increased acquisition activity
- Prepared for development
- Technology, education, healthcare and exports are expected to drive demand
- Job growth and pricing power to remain tepid in near term?

Dynamic environment with changing opportunities
Flexibility/agility will be the key for growth

Jeff Hawken

Chief Operating Officer

Market and Leasing Update

Strong Operating Performance in 2010

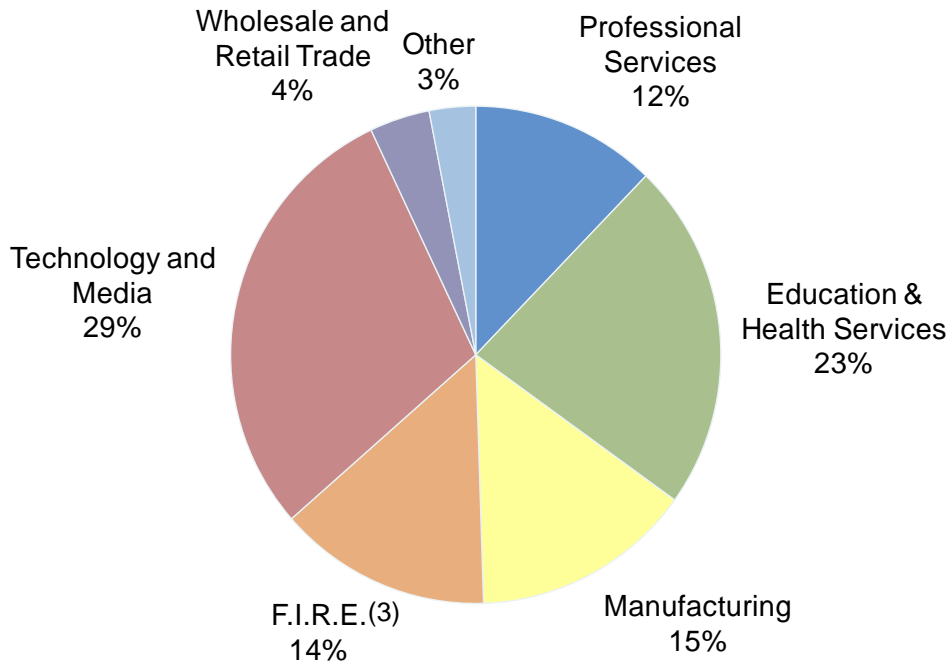
- **Another record year of lease execution**
 - **Two million square feet leased in 2010**
 - **Four million square feet leased over the past two years**
 - **LOI conversion rates averaged greater than 90%**
 - **Tenant defaults significantly reduced**
- **Historical leader on pushing rates and absorption**
- **2.2 million square feet of LEED certified buildings meeting tenant requirements**

High quality assets located in strong barrier to entry markets

Strong Tenant Base

Diverse tenant base with significant industry sector diversification

Revenue by Industry ⁽¹⁾



Top 15 Tenants ⁽²⁾

Intuit, Inc. (Baa1/BBB)	5.0%
Bridgepoint Education, Inc.	5.0%
Scripps Health	4.2%
Delta Dental of California	3.6%
CareFusion Corporation (Baa3/BBB-)	3.4%
DIRECTV, Inc. (Baa2/BBB-)	2.8%
AMN Healthcare, Inc. (Ba3/BB-)	2.7%
Fish & Richardson P.C.	2.0%
Hewlett-Packard Company (A2/A)	1.9%
Wells Fargo (A1/AA-)	1.8%
BP Biofuels North America LLC	1.7%
Epson America, Inc.	1.6%
Mitchell International, Inc.	1.3%
Avnet, Inc. (Baa3/BBB-)	1.3%
Scan Health Plan	1.2%
Total Top Fifteen Tenants	39.5%

(1) As of December 31, 2010.

(2) Based upon annualized contractual base rental revenue calculated on a straight line basis in accordance with GAAP, for leases for which rental revenue is being recognized by the Company as of December 31, 2010.

(3) F.I.R.E. represents finance, insurance and real estate.

Leasing Strategy

- KRC's strong balance sheet and access to capital provide a competitive advantage over landlords with no capacity to pay for TIs and other leasing costs
- Provide highest quality service and maintain long-term tenant relationships
- Renew leases early
- Credit support to mitigate tenant default risks
- Extensive network and long term relationships with the broker community



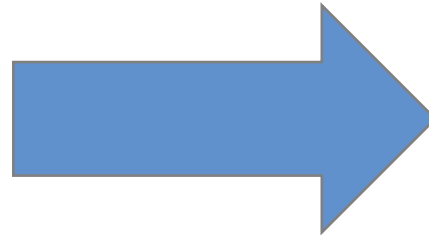
Kilroy Airport Center, Long Beach

KRC has over 60 years of experience as a successful operator

Successfully Leasing Vacant Buildings

Year End 2009

- 22 vacant buildings
- 1.7 million square feet



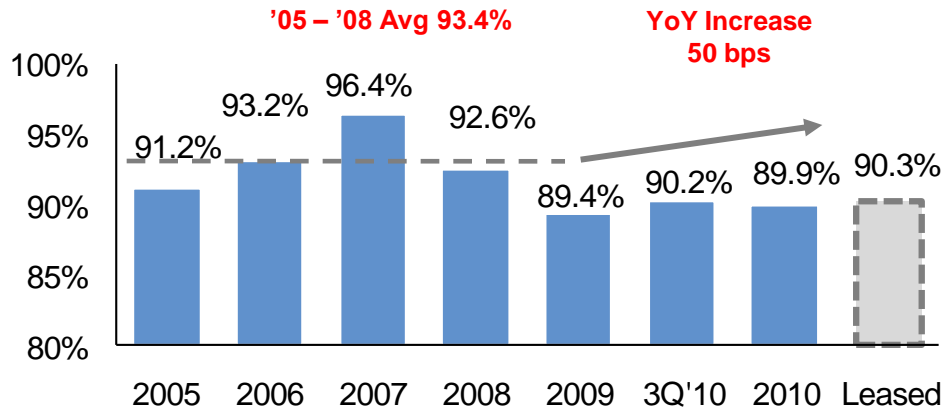
Year End 2010

- Leased more than 70% of vacant building square footage
- Sold one vacant building
- Only 3 buildings remain 100% unleased

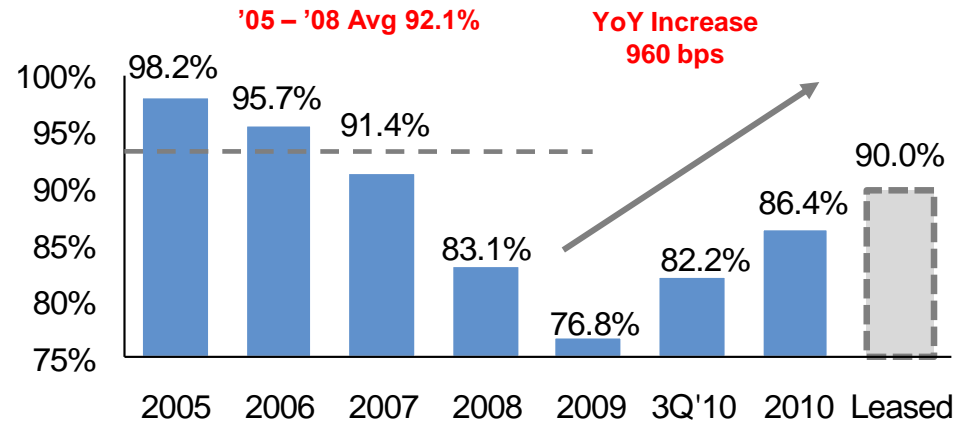
Significant 2010 Leasing Progress

Occupancy Gains by Region

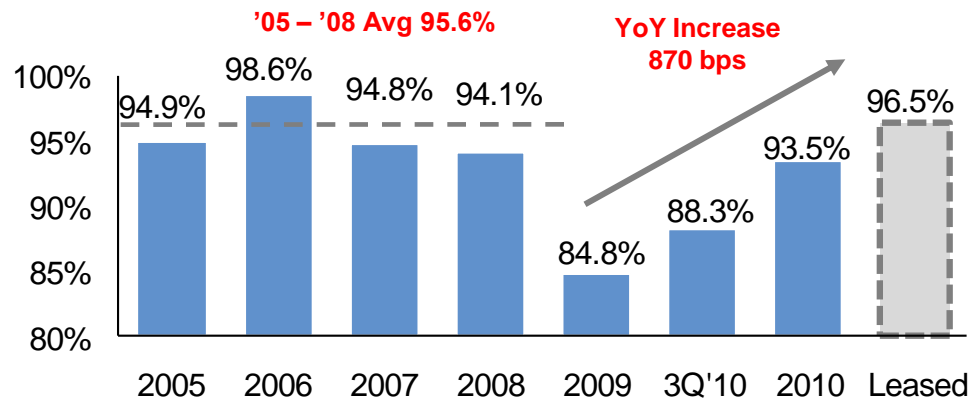
Los Angeles Portfolio Occupancy



San Diego Portfolio Occupancy



Orange County Portfolio Occupancy



KRC Market Fundamentals Update

San Diego

- Positive absorption in every quarter during 2010
- 2010 job growth flat; projected to be positive in 2011
- Solid pipeline of demand from corporate users for large blocks of space

Los Angeles

- Continued weakness in rates and vacancy in the West LA market
- Demand remains tepid until job growth returns
- Poised for rental growth due to lack of inventory and high desirability of location

Orange County

- Office market had second consecutive quarter of positive absorption; positive for the year
- Seeing demand increase via large and small business expansions
- Industrial market had strong 4Q absorption with vacancy rates trending down
- Lease rates are expected to remain soft for the near future

San Francisco

- Third consecutive quarter of positive absorption
- Continued strong demand from tech and media tenants
- Double digit rent growth in South Financial District

Seattle (Eastside)

- Expect third consecutive quarter of positive absorption
- Vacancy rates are trending down; supply issue largely behind
- Technology tenants driving demand in the area clustering near Microsoft's campus

2010 Leasing Statistics

Total Leasing Transactions in 2010: 2.0 million square feet

Office vs Industrial

- 65% Office
- 35% Industrial

GAAP Basis:
Office: -3.5%
Industrial: -24.1%

By Region

- 20% Los Angeles
- 37% Orange County
- 40% San Diego
- 3% San Francisco

GAAP Basis:
Los Angeles: 7.6%
Orange County: -23.0%
San Diego: -8.0%
San Francisco: NA

New vs Renewal

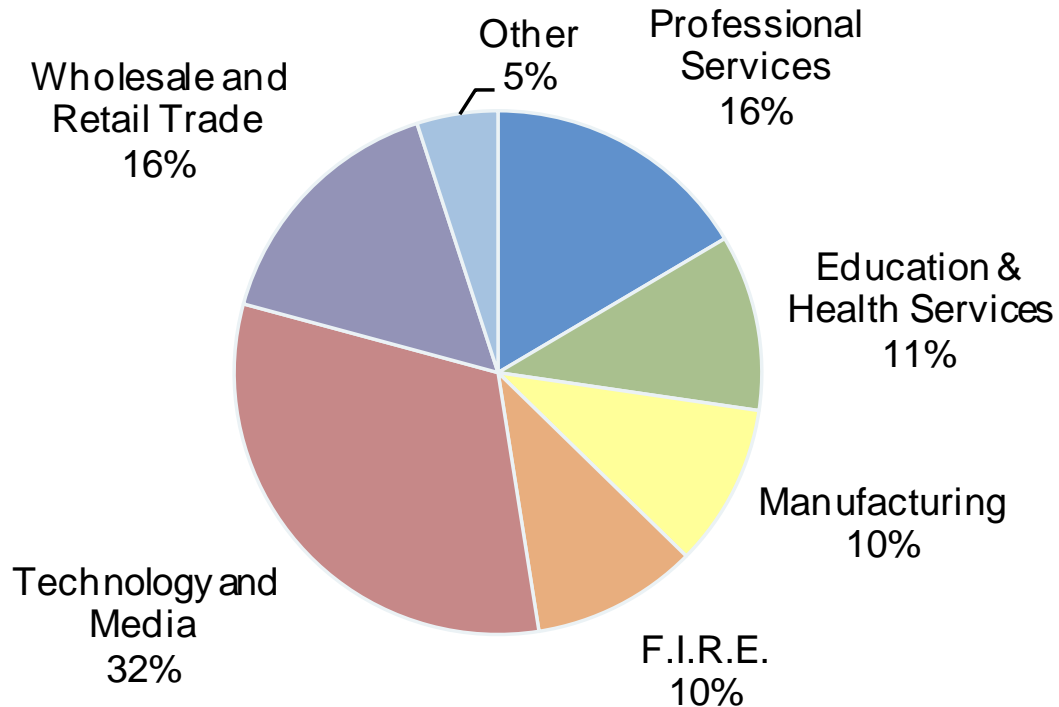
- 67% New
- 33% Renewal

GAAP Basis:
New: -21.9%
Renewal: -1.1%

477,000 SF of LOIs Currently Outstanding

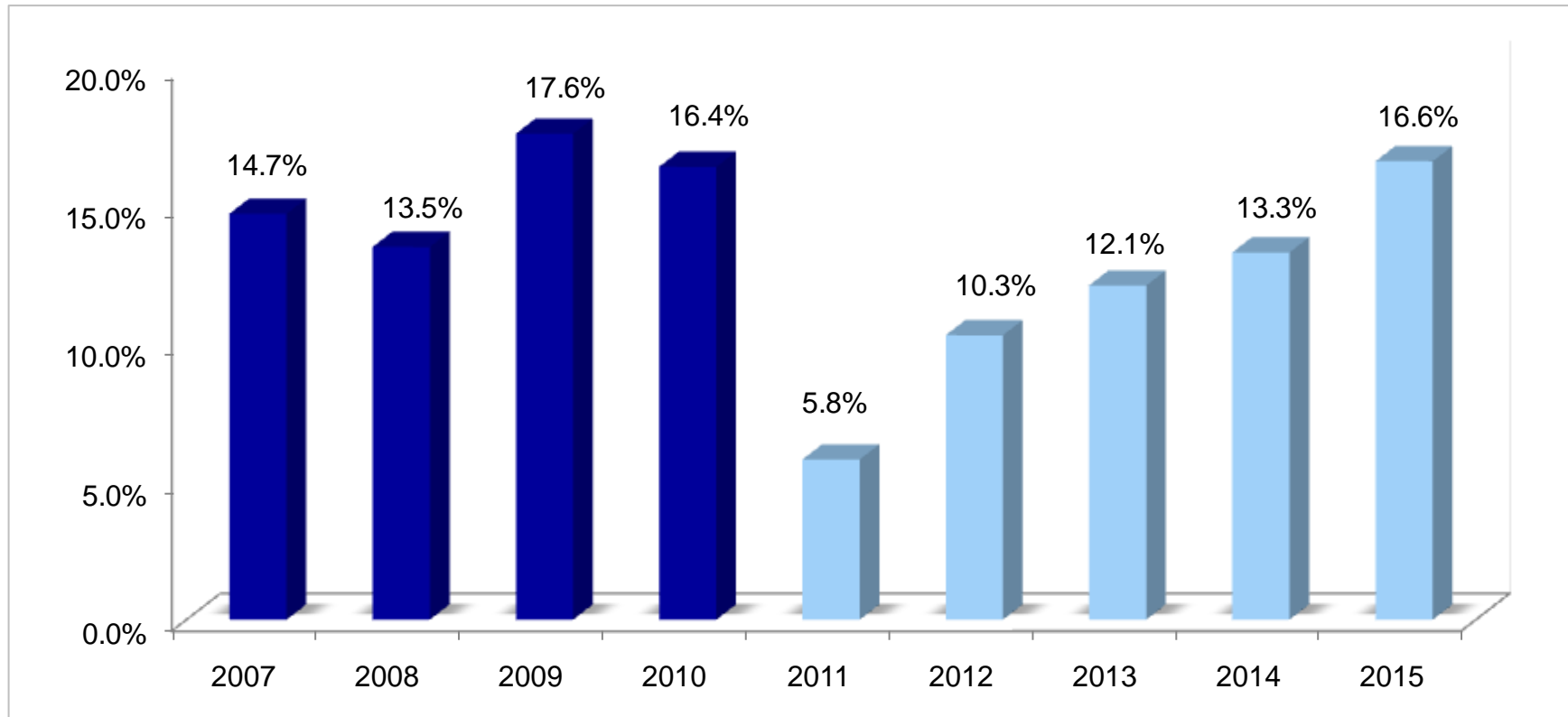
2010 Leasing: Industry Diversification

2.0 million Square Footage



Demand driven by a diverse spectrum of industries

Lease Maturity Schedule



Historical 4-Year Average of 16%

Next 5-Year Average of 12%

Note: Percentage of leased square footage expiring by year.

Integration Update

- **Successfully integrated \$698 million of new acquisitions into stabilized portfolio**
 - **Eight transactions, ten buildings**
 - **All properties to incorporate KRC branding**
- **Leveraging existing property management teams in San Diego and Orange County**
- **Built new team in San Francisco**
- **Given triple-net lease with Microsoft for Seattle property, no need for on-site management**

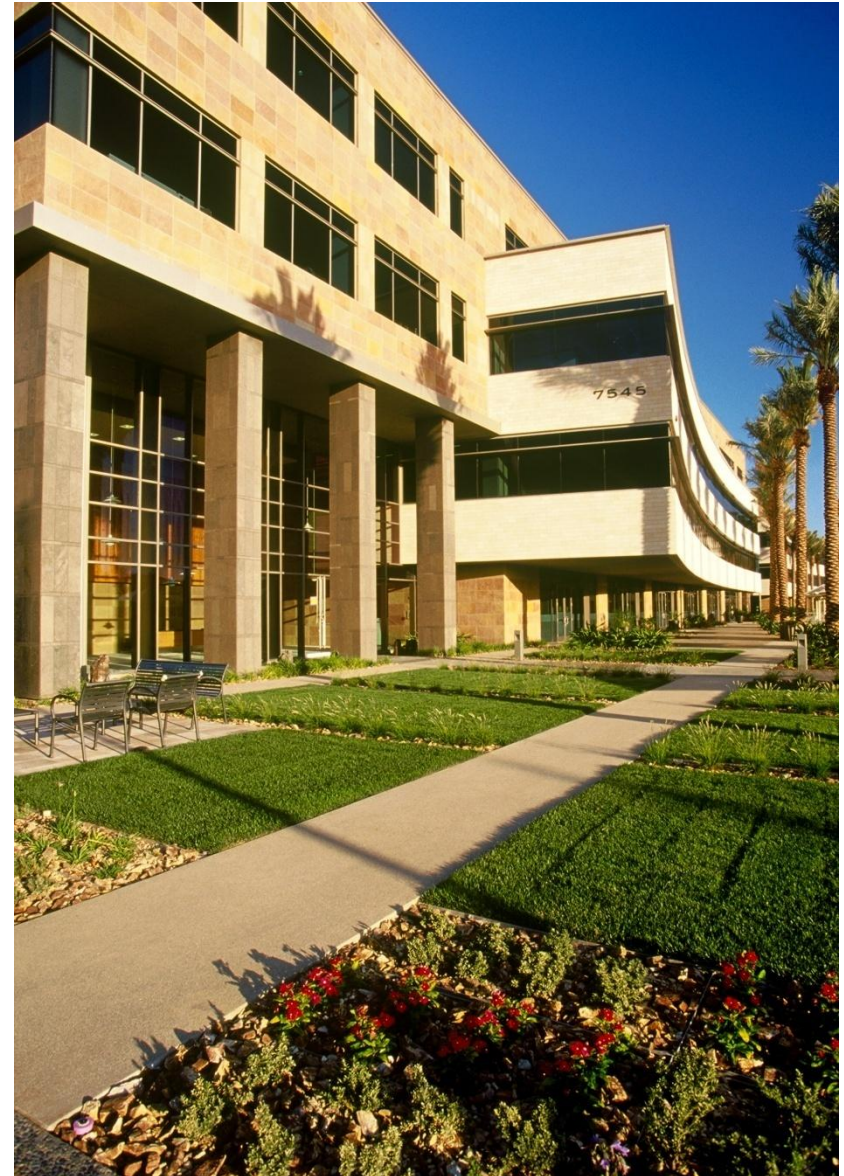
Tyler Rose

Chief Financial Officer

Financial Update

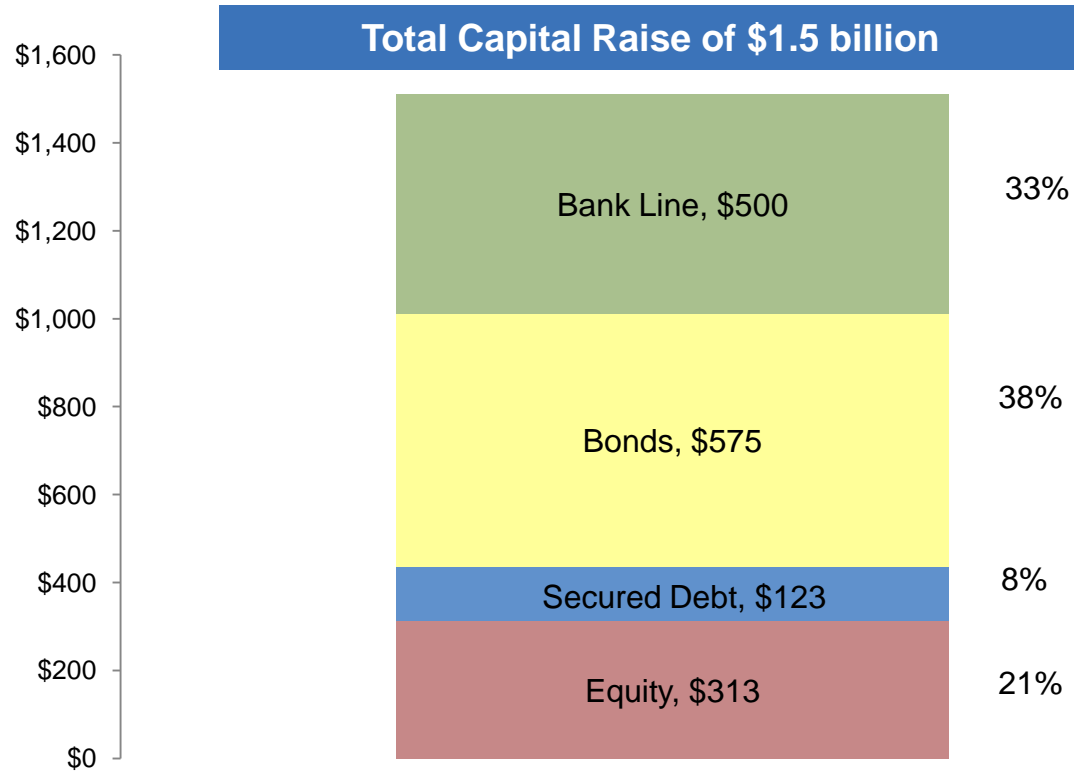
KRC Positioned for Future Growth

- **Full liquidity on our \$500 million bank line (expandable to \$700 million)**
- **Access to multiple sources of capital**
- **Comprehensive internal investment process**
 - **Strong property, legal, construction and financial due diligence teams**
 - **Centralized decision making on capital allocation**
- **Prepared for another active year**



Santa Fe Summit, San Diego

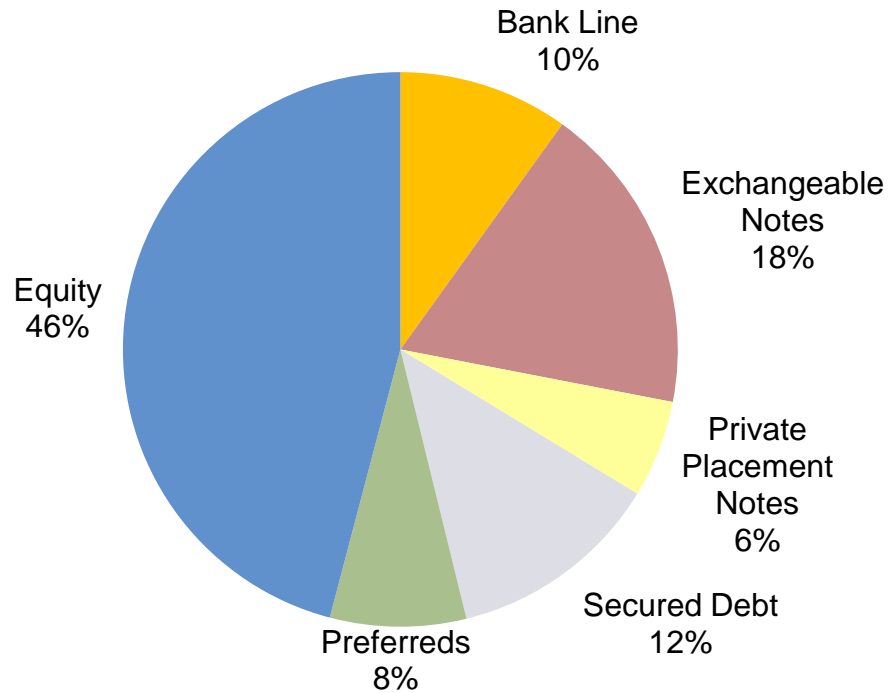
2010 Financing Transactions



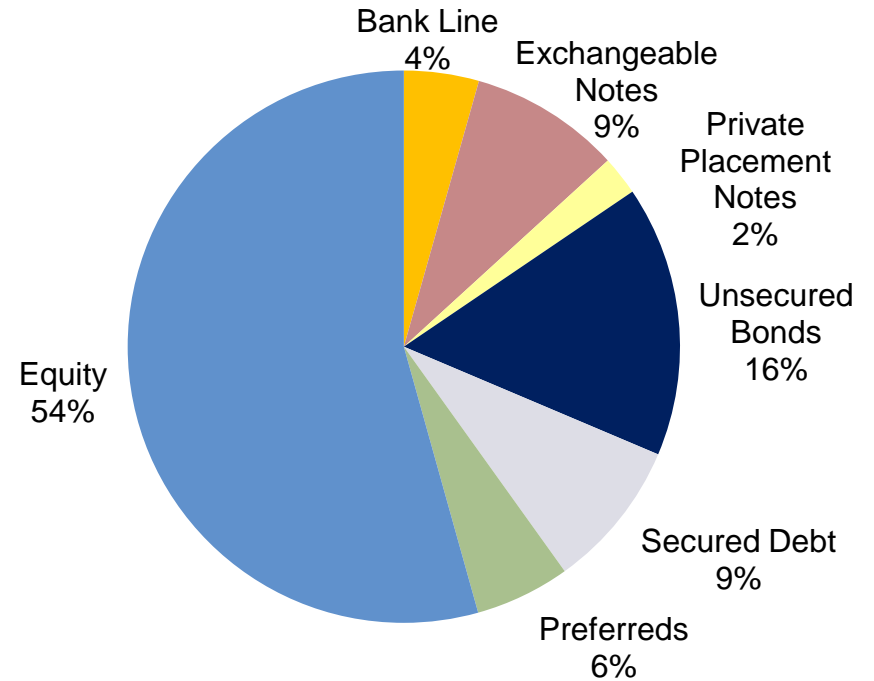
Sources:		Uses:	
Equity	\$313	Acquisitions	\$646
Secured Debt	\$123	Repay Secured Debt	\$110
Bonds	\$575	Unsecured Debt Repayment	\$269
Bank Line	\$159	Other	\$145
Total	\$1,170	Total	\$1,170

Diversified Capital Structure

Year End 2008



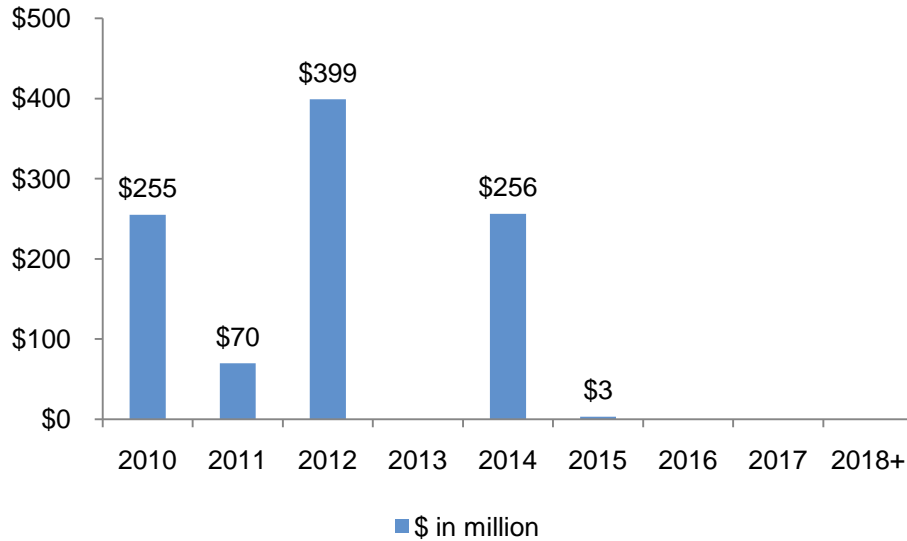
Year End 2010



...While Maintaining Low Leverage vs Peers

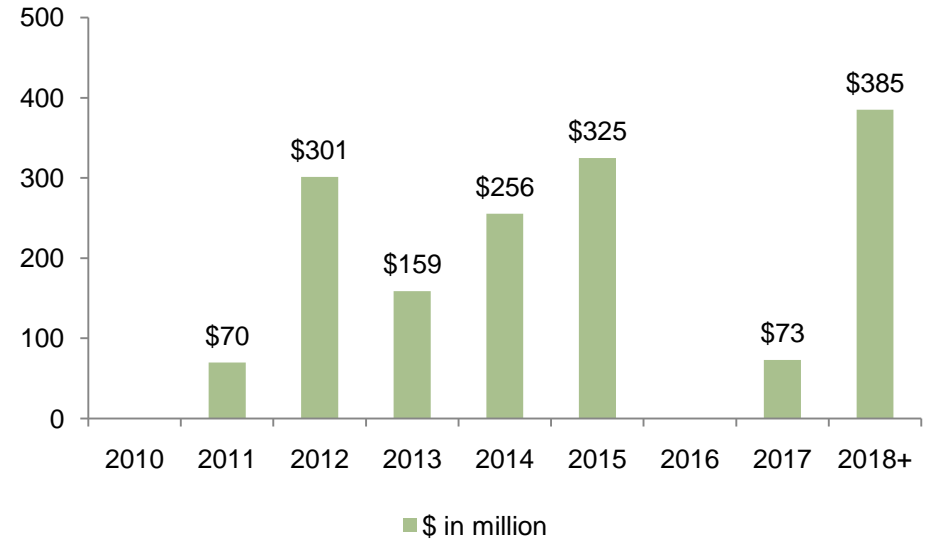
Extended Debt Maturities

Year End 2009



Weighted Average Debt Maturity: ~2.5 years

Year End 2010

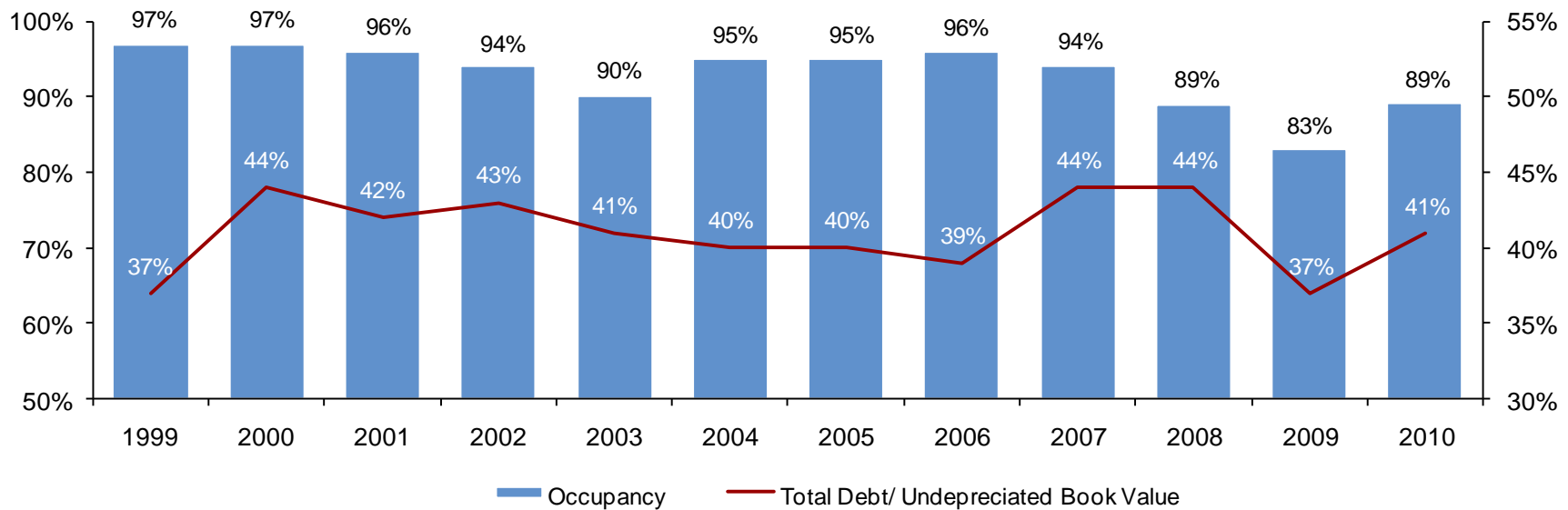


Weighted Average Debt Maturity: ~5 years

Extended debt maturities with limited interest rate risk

Strong Track Record of Financial Discipline

12 Year Average Occupancy and Leverage of : 93% and 41%



Reduced leverage in 2009 to solidify balance sheet

Valuation Upside



West Side Media Center, Los Angeles

- **Free Rent**
 - Approximately \$4 million in 4Q10, \$13 million for 2010
- **Occupancy**
 - Office occupancy currently 87.5% - upside to valuation as it increases to historical level of 95%
- **Development**
 - Pipeline of approximately \$1.3 billion to \$1.8 billion
 - Historical ROC range between 8% to 10%
- **Acquisitions**

Occupancy increases, development and acquisitions will drive potential upside

Financing Update

- **Just closed a \$135 million secured mortgage**
- **Seven-year term**
- **4.27% fixed interest rate**
- **Secured by 303 Second Street**
- **Loan to value of approximately 60%**
- **Lender is MetLife**



303 Second Street, San Francisco

Locked-in Rate Prior to Recent Rise in Treasuries

2010 Preliminary Results

- **2010 guidance on the 3Q10 Conference Call**
 - **FFO per share range of \$2.01 to \$2.06**
 - **Occupancy guidance of 88%**
- **2010 preliminary results**
 - **FFO per share of \$2.04 to \$2.05**
 - **Occupancy at 89%**
 - **Second quarter of positive same store results**



2211 Michelson, Irvine

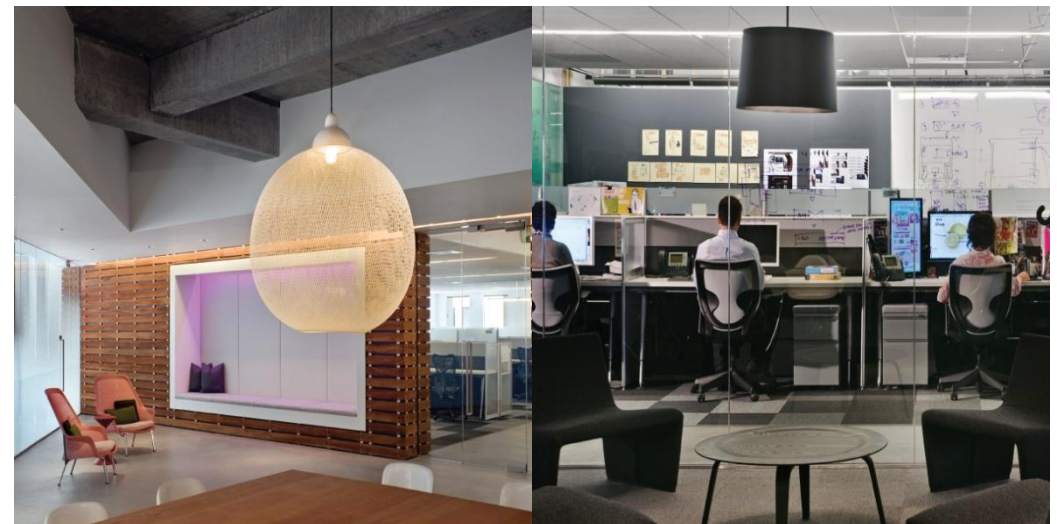
Chris Corpuz

Executive Vice President

San Francisco Market and Transbay District

San Francisco Office Market

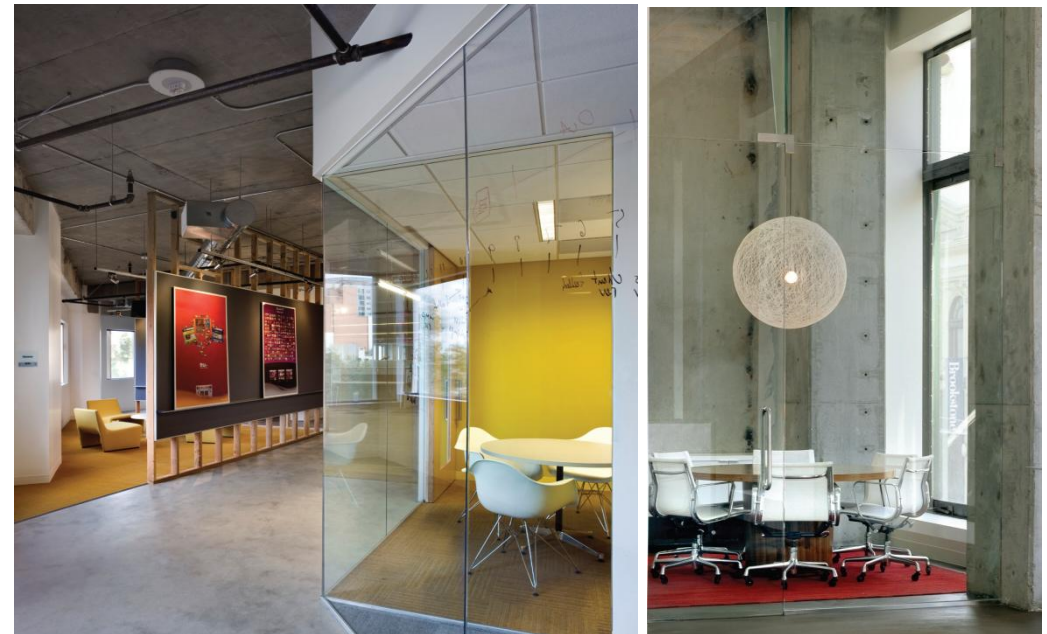
- **San Francisco market totals 73 million square feet with 17% vacancy**
- **Financial District is approximately 50 million square feet with overall vacancy of 14%**
 - **North Financial District**
 - **27 million square feet and 16% vacancy**
 - **South Financial District**
 - **23 million square feet and 12% vacancy**
 - **For the buildings that compete directly with KRC, the vacancy is less than 10%**



Collaborative tenant spaces at 303 Second Street

San Francisco Office Market

- **Significant demand coming from media and technology companies**
 - **1.3 million square feet of tech leasing in 2010 – one of the biggest years**
 - **Salesforce.com plans to build a two million square foot headquarter campus in the Mission Bay area**
 - **Zynga recently signed 270,000 square foot lease at 650 Townsend**
 - **Others looking for significant space include Twitter, Dolby, MetaCafe and Goodby Silverstein**
- **Collaborative work space**
 - **Unconstructed and loft-like**
 - **Open ducting**
 - **Ergonomic work clusters**
- **“Not your father’s Buick”**



Collaborative tenant spaces



MARKET STREET

St. Regis Hotel (2006)

100 FIRST PLAZA

America's Cup (2013)

Moscone Convention Center

b6

Future Transbay Terminal (2015)

SPEAR STREET CORRIDOR

Ferry Building (2003)

INTERSTATE 80

BAY BRIDGE

303 SECOND STREET

America's Cup (2013)

SECOND STREET

250 BRANNAN



AT&T Park (2000)

America's Cup (2013)

Technology Companies Have Arrived in SF in a Big Way

2010 is the Biggest Year

2005	2006	2007	2008	2009	2010
Sales Force - 74,716 SF	BEA Plumtree - 11,207 SF	Google (SL) - 210,000	Google - 195,684 SF	Twitter - 64,000 SF	Zynga - 270,000 SF
Yahoo - 42,782 SF	Riverbed Technology - 63,000 SF	Microsoft - 92,000 SF	Fox Interactive - 70,302 SF	Open TV - 42,565 SF	Salesforce - 227,000 SF
Adteractive - 36,000 SF	Esurance - 49,612 SF	Verizon - 75,000 SF	Medivation - 63,817 SF	Cisco - 37,570 SF	Google - 63,000 SF
Snapfish/HP - 30,328	Auto Desk - 46,000 SF	Sega - 69,859 SF	Vontu - 53,000 SF	Carat - 33,500 SF	Ubisoft - 62,000
	LexisNexis - 43,839 SF	Level 3 Comm. - 58,000 SF	Salesforce.com - 47,867 SF	United Bio - 30,000 SF	Salesforce - 60,000 SF
	Ingenio - 37,647 SF	H5 Tech - 53,411 SF	Loopnet - 46,157 SF	Navisite - 21,805 SF	Autodesk - 50,000 SF
	Symantec - 16,788 SF	Service Source - 47,020 SF	Symantec - 45,000 SF		Yelp - 49,000 SF
		Hotwire - 44,356 SF	Microsoft/Razorfish - 42,659 SF		Wager Works - 45,000 SF
		Sales Force - 37,600 SF	Nokia - 39,706 SF		Stubhub - 45,000 SF
		Stubhub - 37,576 SF	Omniure - 34,419 SF		Aliph - 40,000 SF
		Fox Interactive - 34,595 SF	Slide - 35,373 SF		Trulia - 32,000 SF
		Fox Interactive (SL) -34,595 SF	MySpace - 34,595 SF		Snapfish - 30,328 SF
		Dolby - 32,289 SF	Monster - 34,232 SF		Craigslist - 30,000 SF
		Bebo - 31,311 SF	Splunk - 34,167 SF		Pure Digital - 30,000 SF
		Visage - 30,577 SF	Wide Orbit - 32,000 SF		Marin Software 28,711 SF
		Second Life - 27,980 SF	Wired - 30,000 SF		Quantcast - 26,350 SF
		AOL - 27,626 SF	Camera Obscura - 30,000 SF		Easy Rez - 20,000 SF
		Activision - 23,500 SF	Yelp - 29,403 SF		Meraki - 20,000 SF
		Open Table - 17,500 SF	Symantec - 27,646 SF		Nielsen Mobile - 20,000 SF
			ON24 - 27,310 SF		Glu Mobile - 19,027
			Coverty Inc. - 26,553 SF		Sun Run - 19027 SF
			AKQA - 22,000 SF		Adaptive Path - 18,865 SF
			Live Nation Worldwide - 20,142 SF		Aliph - 18,800 SF
			Schawk Inc. - 20,141 SF		LeadClick - 16,500 SF
			Metaweb Technologies - 20,000 SF		Citrix Online - 16,400 SF
			Mark Monitor - 19,313 SF		Salesforce - 15,956 SF
			Open Table - 17,116 SF		NGMOCO Inc. - 15,000 SF
					Sendmemobile - 15,000 SF
					DemandForce - 15,000 SF
2005 Total - 183,826 SF	2006 Total - 368,093 SF	2007 Total - 984,795 SF	2008 Total - 1,099,602 SF	2009 Total - 229,440 SF	2010 Total - 1,317,964 SF

KRC's San Francisco Investment Strategy

- **Focus on properties with the following characteristics:**
 - **Significant discount to replacement cost**
 - **Tenant base oriented toward growth tenants, including tech and media businesses**
 - **Collaborative workspaces**
 - **Proximity to public infrastructure**
 - **Highly amenitized with retail and restaurants**
 - **Proximity to workforce**



Under Contract: 250 Brannan



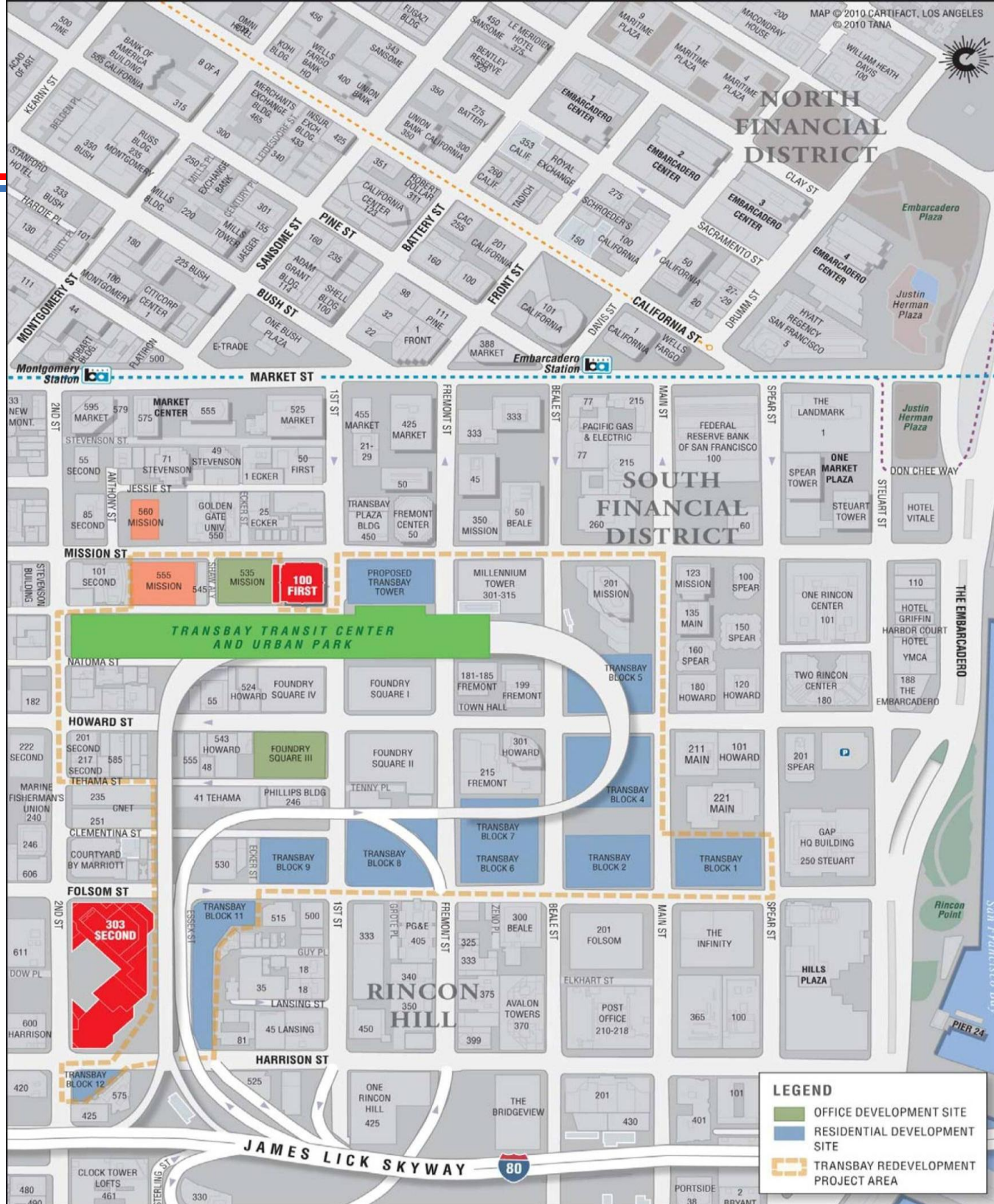
250 Brannan – San Francisco, CA

- Approximately \$33 million (\$363 PSF)
 - 91,000 square feet
 - 3-story, Class A, brick and beams office building
 - 77% leased to two tenants, Adobe and Splunk through 2013
 - Initial cap on in-place leasing of approximately 6.8%
- Major building systems renovation in 2001
 - Proximity to the Waterfront, AT&T Park and wide array of retail and restaurants
 - Submarket is home to many well-known technology companies, including Google, HP, salesforce.com and Symantec

Transbay Project will Enhance Value of KRC's 303 Second Street and 100 First Plaza

- **\$1.7 billion public-sector financed multi-modal transit infrastructure project**
- **Reinforces the migration of the epicenter of the CBD to the “South of Market” (SOMA) area**
- **Includes 2,600 new homes, 3 million square feet of new office space and significant retail amenities**
- **Features 2 parks**
 - **5.4 acre of public park on the roof of the Transit Center**
 - **1.2 acre park on the west side**
- **Dubbed the “Grand Central Station of the West”**
- **Expected completion of Phase I in 2017**
- **303 Second Street and 100 First Street will directly benefit from the area’s redevelopment projects**

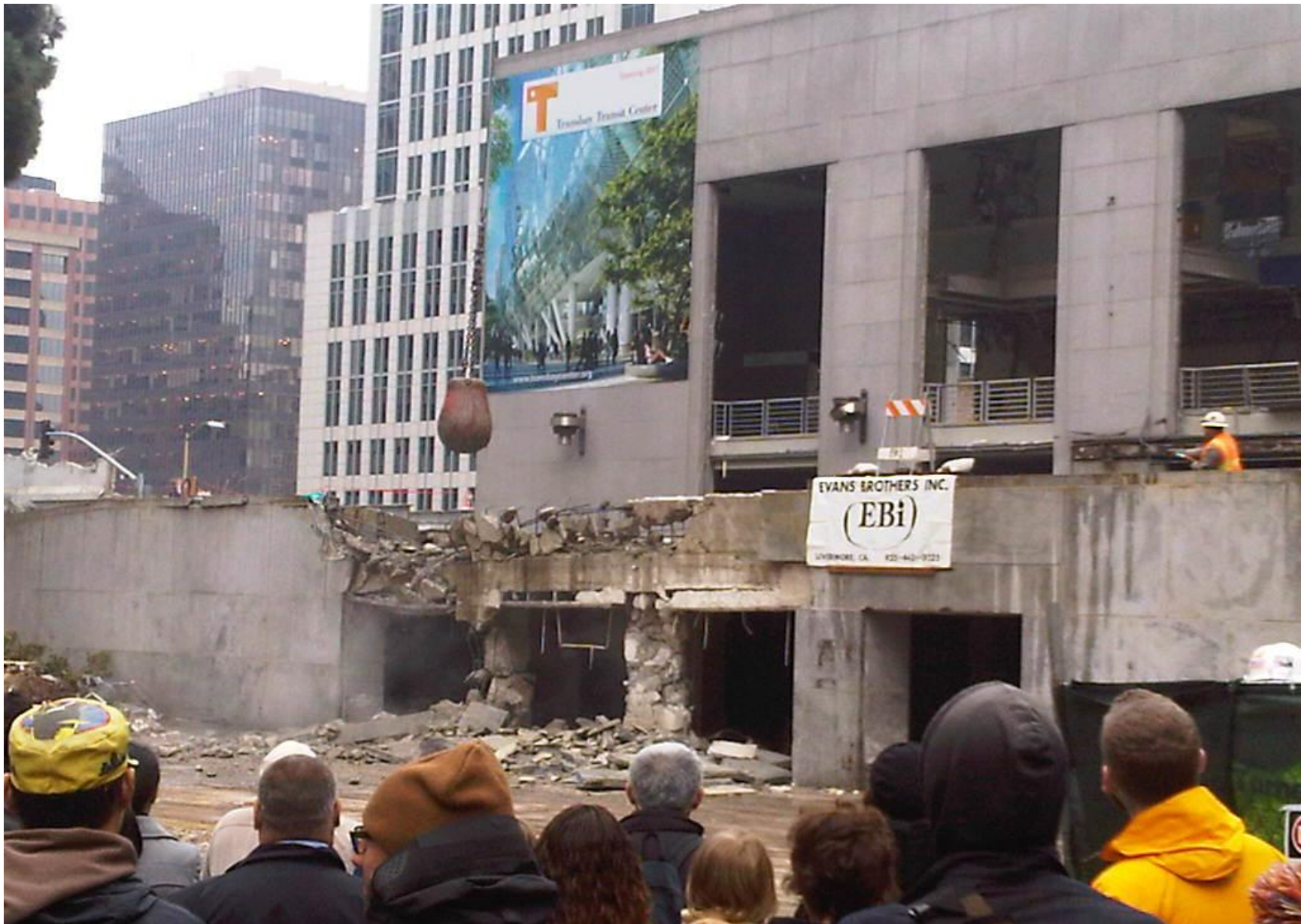




LEGEND

- OFFICE DEVELOPMENT SITE
- RESIDENTIAL DEVELOPMENT SITE
- TRANSBAY REDEVELOPMENT PROJECT AREA

Demolition Has Begun and the Area has Already Seen Improvement



Transbay Terminal – Significant Infrastructure Investment



Cross section of the planned project

Transbay Terminal – Value Enhancement to Existing Owners



South Financial District Further Enhanced by America's Cup Plans for Redevelopment

- San Francisco has been selected as the host venue for the 34th America's Cup in 2013
- The event is projected to have a \$1.4 billion economic benefit to the San Francisco region and generate more than 8,000 jobs
- America's Cup is believed to deliver the third largest economic impact in sport to host countries, behind the Olympic Games and soccer's World Cup
- Event authorities project a \$200 million budget with \$55 million allocated to infrastructure spending that would provide substantial long term benefits to the region's surrounding communities
- KRC's projects will directly benefit from the redevelopment plans and ongoing economic impact



Key Takeaways – John Kilroy

- **Gaining traction on leasing core portfolio**
 - High quality, well-located properties in high barrier-to-entry submarkets
 - Occupancy increased to 89% at year end; portfolio now 92% leased
- **Acquiring top tier assets at discounts to replacement cost**
 - Expanding KRC franchise along the West Coast
 - Purchased 2.1 million square feet, totaling approximately \$700 million
 - Anticipate additional acquisitions
- **Prepared for development**
- **Expect another active year**

KRC is Well Positioned for Future Growth

Q&A